Stock Code:3060

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016
(With Independent Auditors' Report Thereon)

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Min Aik Technology Co., Ltd. as of and for the year ended December 31, 2017 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Spearate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Min Aik Technology Co., Ltd. and its Subsidiaries do not prepare a separate set of combined financial statments.

Company name: Min Aik Technology Co., Ltd.
Chairman: CHIA KIN HENG
Date: March 23, 2018

Independent Auditors' Report

To the Board of Directors of Min Aik Technology Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Min Aik Technology Co., Ltd. and its subsidiaries (" the Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accevpted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (" the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to Note 4(o) "Revenue" of the consolidated financial statements.

   The Group's revenue recognition is based on the transaction terms between clients. Revenue recognition is one of the key judgmental areas for our audit, particularly in respect of high volume of transaction generated from world-wide operation based.

How the matter was addressed in our audit

Our principal audit procedures included: assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards; testing the Group's controls surrounding revenue recognition, including corroborating the orders from clients, and the proof of shipment; sampling the sales transaction between the reported date, inspected the external file to evaluate whether the sales recognition is appropriate period.

2. Inventory valuation

Please refer to Note 4(h) "Inventory" and Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

Valuation of inventory is one of the key judgmental areas for our audit, the Group is primarily involved in the manufacture of hard disk drive components. As different series or models of electronic products are rapidly being replaced by new ones, it may affect the inventory of the older ones to be slow-moving, or worse yet, stagnant; thus, may result the cost of inventory to be higher than the net realized value. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit

Our principal audit procedures included： assessing whether appropriate inventory policies are applied through comparison with accounting standards; sampling the inventory item to testing the accuracy of inventory aging report; comparing and analyzing the aging of inventory over two years, we considered the historical accuracy of provisioning and used the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current year including how these compare to the experience in previous year; review the subsequent sales status to assessed whether the estimate of inventory allowance is reasonable.

Other Matter

The Group has additionally prepared its parent-company-only financial statement as of and for the years ended December 31, 2017 and 2016, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 23, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in, New Taiwan Dollars)

		December 31, 2017		December 31, 2016	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,848,974	26	2,584,010	32
1110	Financial assets at fair value through profit or loss (note 6(b)and (r))	2,310	-	-	-
1170	Accounts receivable, net (note 6(d))	1,229,111	17	1,589,189	20
1180	Accounts receivable from related parties, net (notes 6(d) and 7)	4,493	-	25,872	-
1200	Other receivables, net (notes 6(d), 7 and 8)	67,517	1	125,104	1
130X	Inventories (note 6(e))	1,293,397	18	1,039,439	13
1470	Other current assets (note 6(h))	145,940	2	124,665	1
		4,591,742	64	5,488,279	67
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(f))	791,122	11	866,723	11
1600	Property, plant and equipment (notes 6(g), and 7)	1,571,190	22	1,499,680	19
1840	Deferred tax assets (note 6(m))	181,570	2	141,364	2
1900	Other non-current assets (note 6(h))	83,445	1	86,914	1
		2,627,327	36	2,594,681	33
	Total assets	$ 7,219,069	100	8,082,960	100

		December 31, 2017		December 31, 2016	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 594,440	8	587,000	7
2170	Accounts payable	1,074,198	15	1,327,872	16
2180	Accounts payable to related parties (note 7)	214,714	3	207,099	3
2201	Wages and salaries payable	142,362	2	124,676	2
2230	Current tax liabilities	7,432	-	25,437	-
2322	Long-term borrowings, current portion (note 6(j))	15,025	-	30,284	-
2300	Other current liabilities	366,048	5	317,106	4
		2,414,219	33	2,619,474	32
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(j))	135,229	2	148,692	2
2570	Deferred tax liabilities (note 6(m))	459,049	7	494,840	6
2600	Other non-current liabilities (note 6(l))	16,578	-	18,670	-
		610,856	9	662,202	8
	Total liabilities	3,025,075	42	3,281,676	40
	Equity attributable to owners of parent (note 6(n)):				
3100	Ordinary shares	1,393,616	19	1,742,020	22
3200	Capital surplus	1,748,231	24	1,789,500	22
	Retained earnings:				
3310	Legal reserve	815,597	11	794,208	10
3320	Special reserve	643,158	9	445,538	6
3350	Unappropriated retained earnings	59,052	1	440,230	5
		1,517,807	21	1,679,976	21
	Other equity interest:				
3410	Exchange differences on translation of foreign financial statements	(612,003)	(8)	(643,158)	(8)
3500	Treasury shares	(76,800)	(1)	-	-
	Total equity attributable to owners of parent	3,970,851	55	4,568,338	57
36XX	**Non-controlling interests**	223,143	3	232,946	3
	Total equity	4,193,994	58	4,801,284	60
	Total liabilities and equity	$ 7,219,069	100	8,082,960	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2017		2016	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(p) and 7)**	$ 7,664,551	100	8,365,413	100
5000	**Operating costs (notes 6(e), (k) and (l), 7 and 12)**	7,049,375	92	7,350,595	88
	Gross profit from operations	615,176	8	1,014,818	12
	Operating expenses (notes 6(d), (k) and (l), 7 and 12):				
6100	Selling expenses	194,376	2	201,820	2
6200	Administrative expenses	279,622	4	304,405	4
6300	Research and development expenses	216,335	3	210,520	3
	Total operating expenses	690,333	9	716,745	9
	Net operating income	(75,157)	(1)	298,073	3
	Non-operating income and expenses (notes 6(b), (c), (f) and (q) and 7):				
7010	Other income	65,353	1	61,041	1
7020	Other gains and losses, net	4,167	-	4,939	-
7050	Finance costs, net	(9,108)	-	(7,112)	-
7060	Share of profit of associates and joint ventures accounted for using equity method, net	14,447	-	7,205	-
	Total non-operating income and expenses	74,859	1	66,073	1
7900	**Profit before tax**	(298)	-	364,146	4
7950	Less: Tax expense (note 6(m))	(42,160)	(1)	131,924	1
	Profit	41,862	1	232,222	3
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Actuarial gains on defined benefit plans (note 6(l))	138	-	4,740	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(94)	-	(3,892)	-
		44	-	848	-
8360	**Other components of other comprehensive income that will not be reclassified to profit or loss**				
8361	Exchange differences on translation	40,490	-	(248,370)	(3)
8399	Income tax related to components of other comprehensive income	(6,551)	-	37,334	-
	Components of other comprehensive income that will be reclassified to profit or loss	33,939	-	(211,036)	(3)
8300	**Other comprehensive income, net**	33,983	-	(210,188)	(3)
	Total comprehensive income	**$ 75,845**	**1**	**22,034**	**-**
	Profit, attributable to:				
	Profit, attributable to owners of parent	$ 54,449	1	213,883	3
	Profit, attributable to non-controlling interests	(12,587)	-	18,339	-
		$ 41,862	**1**	**232,222**	**3**
	Comprehensive income attributable to:				
	Comprehensive income, attributable to owners of parent	$ 85,648	1	17,111	-
	Comprehensive income, attributable to non-controlling interests	(9,803)	-	4,923	-
		$ 75,845	1	22,034	-
	Basic earnings per share (NT dollars) (note 6(o))	**$**	**0.34**		**1.23**
	Diluted earnings per share (NT dollars) (note 6(o))	**$**	**0.34**		**1.22**

See accompanying notes to financial statements.

(English Translation of Consolidated and Report Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
			Retained earnings				Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2016	$ 1,742,020	1,578,072	718,700	59,074	1,349,439	2,127,213	(445,538)	-	5,001,767	228,023	5,229,790
Profit	-	-	-	-	213,883	213,883	-	-	213,883	18,339	232,222
Other comprehensive income (loss)	-	-	-	-	848	848	(197,620)	-	(196,772)	(13,416)	(210,188)
Total comprehensive income	-	-	-	-	214,731	214,731	(197,620)	-	17,111	4,923	22,034
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	75,508	-	(75,508)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	386,464	(386,464)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(661,968)	(661,968)	-	-	(661,968)	-	(661,968)
Changes in equity of associates and joint ventures accounted for using equity method	-	212,451	-	-	-	-	-	-	212,451	-	212,451
Disposal of investments accounted for using equity method	-	(1,023)	-	-	-	-	-	-	(1,023)	-	(1,023)
Balance at December 31, 2016	1,742,020	1,789,500	794,208	445,538	440,230	1,679,976	(643,158)	-	4,568,338	232,946	4,801,284
Profit (loss)	-	-	-	-	54,449	54,449	-	-	54,449	(12,587)	41,862
Other comprehensive income	-	-	-	-	44	44	31,155	-	31,199	2,784	33,983
Total comprehensive income	-	-	-	-	54,493	54,493	31,155	-	85,648	(9,803)	75,845
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	21,389	-	(21,389)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	197,620	(197,620)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(216,662)	(216,662)	-	-	(216,662)	-	(216,662)
Cash dividends distributed from capital surplus	-	(41,269)	-	-	-	-	-	-	(41,269)	-	(41,269)
Capital reduction	(348,404)	-	-	-	-	-	-	4,496	(343,908)	-	(343,908)
Increase in treasury stock	-	-	-	-	-	-	-	(81,296)	(81,296)	-	(81,296)
Balance at December 31, 2017	**$ 1,393,616**	**1,748,231**	**815,597**	**643,158**	**59,052**	**1,517,807**	**(612,003)**	**(76,800)**	**3,970,851**	**223,143**	**4,193,994**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from (used in) operating activities:		
Profit before tax	$ (298)	364,146
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	262,181	253,364
Amortization expense	13,586	17,612
Interest expense	9,108	7,112
Interest income	(6,020)	(5,736)
Share of profit of associates accounted for using equity method	(14,447)	(7,205)
Loss (gain) on disposal of property, plan and equipment	129	(2,004)
Gain on disposal of investments accounted for using equity method	(132,520)	(3,413)
Impairment loss on financial assets	-	28,959
Impairment loss on investments accounted for using equity method	-	50,898
Other	26,319	24,154
Total adjustments to reconcile profit (loss)	158,336	363,741
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable (including related parties)	381,365	126,662
Other receivable	10,537	(22,526)
Inventories	(274,989)	116,522
Other current assets	(21,277)	(46,324)
Other non-current assets	164	38
	95,800	174,372
Changes in operating liabilities:		
Accounts payable (including related parties)	(246,059)	52,141
Other financial liabilities	22,147	(78,770)
Other current liabilities	22,285	52,456
Other non-current liabilities	(1,954)	(5,673)
	(203,581)	20,154
Total changes in operating assets and liabilities	(107,781)	194,526
Total adjustments	50,555	558,267
Cash inflow generated from operations	50,257	922,413
Interest received	6,000	2,006
Dividends received	60,712	148,406
Interest paid	(9,216)	(6,912)
Income taxes paid	(55,985)	(146,350)
Net cash flows from operating activities	51,768	919,563
Cash flows from (used in) investing activities:		
Proceeds from disposal of investments accounted for using equity method	158,771	10,842
Acquisition of property, plant and equipment	(299,212)	(441,809)
Proceeds from disposal of property, plant and equipment	6,435	6,776
Decrease (increase) in other receivables	47,070	(38,921)
Other investing activities	(10,281)	(25,291)
Net cash flows used in investing activities	(97,217)	(488,403)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	7,440	587,000
Repayments of long-term borrowings	(28,722)	(30,336)
Cash dividends paid	(257,931)	(661,968)
Capital reduction	(343,908)	-
Increase in treasury stock	(81,296)	-
Net cash flows used in financing activities	(704,417)	(105,304)
Effect of exchange rate changes on cash and cash equivalents	14,830	(168,378)
Net increase (decrease) in cash and cash equivalents	(735,036)	157,478
Cash and cash equivalents at beginning of period	2,584,010	2,426,532
Cash and cash equivalents at end of period	$ **1,848,974**	**2,584,010**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Min Aik Technology Co., Ltd. (the "Company") was incorporated on October 3, 1979, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F. 1, No. 492 1, Sec. 1, Wanshou Rd., Guishan District, Taoyuan City. The Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") primarily is involved in the design, manufacture, and sale of hard disk drive components, plastic camera components, CD ROM drive components, and mechanical components for optical devices, the assembly of high cleanliness products, precision plastic injection tooling, and injection molding tooling, and trading activities.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the board of directors on March 23, 2018.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

1) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

The Group assessed the application of IFRS 9’ s classification and measurement requirements will not have material impact on its fair value through profit or loss (FVTPL).

2) Impairment-Financial assets and contact assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

(Continued)

The Group's assessment indicated that the application of IFRS 9's impairment requirements would not have material impact on its consolidated financial statements.

3) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group's assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

4) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

·The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018.

·The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

– The determination of the business model within which a financial asset is held.

– The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

– The designation of certain investments in equity instruments not held for trading as at FVOCI.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

1) Sales of goods

For the sale of the Group's products, revenue is currently recognized when the goods are delivered to the customers according to transaction terms, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Group performed a preliminary assessment and considered that the timing of the related risks and rewards of ownership transferred is similar to the timing when control is transferred and the Group does not expect that there would have significant impact on its consoliated financial statements.

(Continued)

2) Transition

The Group plans to adopt IFRS 15 in its consolidated financial statements using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 to each comparative period presented and adjust its consolidated financial statements.

The Group assessed the adoption of IFRS 15 would not have any material impact.

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(iv) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Group assessed the application of the amendments would not have any material impact on its consolidated financial statements.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019

(Continued)

Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: · For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. · A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently to the periods presented in the financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) The defined benefit asset is recognized as the fair value of the plan assets less the present value of the defined benefit obligation.

(Continued)

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2017**	**December 31, 2016**
The Company	Min Aik Technology USA Inc. (MAUS)	Researching hard disk drive components	100.00 %	100.00 %
"	Min Aik International Development Pte., Ltd. (MAS)	Investment holding, researching hard disk drive components, and providing sales and marketing support	100.00 %	100.00 %
"	Synergy Technology Industrial Co., Ltd. (Synergy)	Holding company	100.00 %	100.00 %
"	Min Aik Technology (Thailand) Co., Ltd. (MATH)	Manufacture and sale of hard disk drive components	100.00 %	100.00 %
"	Good Master Holding Co., Ltd. (Good Master)	Holding company	100.00 %	100.00 %
"	Green Far Company Ltd. (Green Far)	Sale of electricity produced by curvature module	100.00 %	100.00 %
MAS	Min Aik Technology(M) Sdn. Bhd. (MAM)	Manufacture and sale of hard disk drive components	100.00 %	100.00 %
Synergy	Min Aik Technology (Suzhou) Co., Ltd. (MAY)	Manufacture and sale of hard disk drive components	100.00 %	100.00 %
"	MATC Technology (M) Sdn. Bhd. (MATC)	Manufacture and sale of hard disk drive components	80.00 %	80.00 %
MATH	MU-Technology Pte. Ltd. (MUS)	Holding company	(Note)	69.41 %
MUS	MU Technology (M) Sdn. Bhd. (MUM)	Manufacture and sale of hard disk drive components	100.00 %	100.00 %

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
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Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2017	Shareholding December 31, 2016
Good Master	MU-Technology Ptd. Ltd. (MUS)	Holding Company	69.41 % (Note)	- %

Note: With the Group's organizational restructuring, ownership of MUS was transferred from MATH to Good Master in January, 2017.

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
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(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits should be recognized as other current and non current financial assets.

(g) Financial instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

(i) Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets at cost, and loans and receivables.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than ones classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) Performance of the financial asset is evaluated on a fair value basis;

c) A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

2) Financial assets at cost

Investments in equity instruments that do not have a quoted price in an active market and whose fair values cannot be reliably measured are measured at their cost, less, impairment loss, and are included in financial assets at cost.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and investment in debt security with no active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date.

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

(Continued)

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of a receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses and recoveries of accounts receivable are recognized in profit or loss, and impairment losses and recoveries of other financial assets are recognized in non-operating income and expense.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(Continued)

The Group separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, and it is included in non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term. The Group designates financial liabilities, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

(Continued)

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;

b) Performance of the financial liabilities is evaluated on a fair value basis;

c) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income and expenses.

3) Other financial liabilities

Financial liabilities not classified or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expense.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(Continued)

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group’ s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under additional paid in capital, when an associate’ s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group’s interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group’ s share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group’ s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless, the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

(Continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non-operating income and expense.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

Leased assets are depreciated by using the straight line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 20 ~50 years

2) Building facilities: 8 ~10 years

3) Machinery: 2 ~20 years

4) Leasehold improvement: 3 ~15 years

5) Office and other equipment: 2 ~ 10 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Lease

Operating leases are not recognized in the Group's balance sheet.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense on a straight-line basis over the term of the lease.

(l) Research & development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(ii) The intention to complete the intangible asset and use or sell it.

(iii) The ability to use or sell the intangible asset.

(iv) How the intangible asset will generate probable future economic benefits.

(v) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.

(vi) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

(m) Impairment – non-financial assets

The Group measures whether impairment has occurred in non-financial assets (except for inventories and deferred income tax assets) on every reporting date, and when there is an indication of impairment exist, the Group estimates its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, then the Group will have to determine the recoverable amount of the cash-generating unit ("CGU") to which the asset has been allocated to.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset reduced to its recoverable amount; and that reduction is accounted as an impairment loss, which shall be recognized immediately in profit or loss.

An impairment loss recognized in prior periods for an asset, other than goodwill, is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount as a reversal of a previously recognized impairment loss.

(Continued)

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(n) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs). Gains on disposal of treasury shares should be recognized under "capital reserve – treasury share transactions"; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

During the cancellation of treasury shares, "capital reserve – share premiums" and "share capital" should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(o) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For international shipments, transfer occurs upon loading the goods onto the relevant carrier at the client's designated location. Generally for such products, the customer has no right of return.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group’ s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group’ s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(Continued)

(q) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(r) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Assets and liabilities that are initially recognized but are not related to a business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also re evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments made in applying accounting policies that have any significant effects on the amounts recognized in the consolidated financial statements.

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

(Continued)

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(r) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2017	December 31, 2016
Cash on hand and demand deposits	$	1,787,430	2,501,812
Time deposits		61,544	82,198
Cash and cash equivalents in consolidated statement of cash flows	**$**	**1,848,974**	**2,584,010**

Please refer to note 6(r) for the exchange rate risk, the interest rate risk, and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets measured at fair value through profit or loss

		December 31, 2017	December 31, 2016
Forward exchange contract	**$**	**2,310**	**-**

The Group uses derivative instruments to hedge certain currency risk, arising from the Group's operating activities. The Group held the following derivative instruments not qualified for hedge accounting and accounted them as held-for-trading financial asstes as of December 31, 2017:

December 31, 2017			
Financial instruments	**Nominal amount** (in thousands)	**Currency**	**Maturity date**
Forward exchange contract sold	USD1,900	MYR to USD	2018.1.24
Forward exchange contract sold	USD1,000	USD to MYR	2018.1.9
Forward exchange contract sold	USD1,000	USD to MYR	2018.2.9

(c) Financial assets measured at cost

	December 31, 2017	December 31, 2016
Equity investment in foreign companies	$ -	-

(i) Please refer to note 6(r) for the fair value hierarchy of the financial assets and liabilities of the Group.

(ii) The aforementioned investments held by the Group are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably.

For the years ended December 31, 2017 and 2016, the Group recognized an impairment loss of $0 and $28,959, respectively.

(iii) As of December 31, 2017 and 2016, the financial assets of the Group had not been pledged as collateral for its loans.

(d) Notes receivable, accounts receivable, and other receivables

	December 31, 2017	December 31, 2016
Notes receivable	$ 152	267
Accounts receivable (including related parties)	1,238,060	1,619,310
Other receivables	67,517	125,104
Less: allowance for impairment	(4,608)	(4,516)
	$ 1,301,121	1,740,165

As of December 31, 2017 and 2016, except for the time deposits of the Group had been pledged as collateral for borrowings, the Group did not provide any of the aforementioned notes receivable, accounts receivable, and other receivables as collateral for its loans. Please refer to note 8.

The aging analysis of notes receivable, accounts receivable, and other receivables which were past due but not impaired was as follows:

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		December 31, 2017	December 31, 2016
Past due 0-90 days	$	44,282	244,222
Past due 91-180 days		404	136
	$	**44,686**	**244,358**

Based on the historical payment behavior, the Group believed that the overdue receivables, of which no allowances for uncollectible amounts were set against, are still collectible.

The Group recognized impairment loss on notes receivable, accounts receivable, and other receivables using individual and collective assessment methods. The movement in the allowance for notes receivable, accounts receivable, and other receivables was as follows:

		2017	2016
Balance on January 1	$	4,516	5,387
Recognized (reversal) of impairment loss		100	(871)
Amounts written off		(8)	-
Balance on December 31	$	**4,608**	**4,516**

(e) Inventories

		December 31, 2017	December 31, 2016
Raw materials	$	723,850	539,565
Work in progress		209,584	154,360
Finished goods		359,963	345,514
	$	**1,293,397**	**1,039,439**

For the years ended December 31, 2017 and 2016, the Group recognized the following items as cost of goods sold:

		2017	2016
Cost of goods sold	$	6,847,812	7,193,552
Additional losses on inventory valuation and obsolescence		90,470	12,851
Unallocated fixed manufacturing overhead resulting from the actual production being lower than the normal capacity		104,196	141,574
Others		6,897	2,618
	$	**7,049,375**	**7,350,595**

As of December 31, 2017 and 2016, the Group did not provide any inventories as collateral for its loans.

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(f) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2017	December 31, 2016
Associates	$ 791,122	866,723

(i) The information on material associates

			Ownership (%)	
Name of Associates	**Main business activities**	**Country**	**December 31, 2017**	**December 31, 2016**
MAP	Mechanical components for optical devices	Taiwan	35.04 %	35.04 %

The fair value of affiliate listed on the Stock Exchange which are material to the Group is as follows:

	December 31, 2017	December 31, 2016
MAP	$ 1,192,645	1,140,028

The following consolidated financial information of significant affiliate has been adjusted according to individually prepared IFRS financial statements of these affiliates:

	December 31, 2017	December 31, 2016
Current assets	$ 2,176,754	2,331,564
Non-current assets	626,168	630,326
Current liabilities	(858,582)	(905,500)
Non-current liabilities	(117,648)	(67,263)
Net assets	$ 1,826,692	1,989,127
Net assets attributable to non-controlling interests	$ 1,818,845	1,981,280

	2017	2016
Operating revenue	$ 2,469,384	2,632,106
Net income	$ 16,513	227,629
Other comprehensive loss	(5,698)	(50,910)
Total comprehensive income	$ 10,815	176,719
Comprehensive income attributable to non-controlling interests	$ 10,815	176,719

(Continued)

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	2017	2016
Share of net assets of affiliate as of January 1	$ 694,228	568,261
Comprehensive income attributable to the Group	3,789	61,922
Dividends received from affiliate	(60,712)	(148,406)
Share of net assets of affiliate as of December 31	637,305	481,777
Add: Change in Equity of associates accounted for using equity method	-	212,451
Add: The differences of equity attributable to owners	28,632	28,632
Less: Unrealized profit in ending inventory	(3,243)	(5,621)
The equity of associates belongs to the consolidated Company	**$ 662,694**	**717,239**

(ii) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2017	December 31, 2016
Carrying amount of individually insignificant associates' equity	**$ 128,428**	**164,737**

	2017	2016
Attributable to the Group:		
Net income (loss)	$ 6,284	(74,218)
Other comprehensive loss	(1,089)	(144)
Comprehensive income (loss)	**$ 5,195**	**(74,362)**

The aforementioned investments held by the Group and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably.For the years ended December 31, 2017 and 2016, the Group recognized an impairment loss of $0 and $50,898, respectively.

(iii) In 2017, the Group disposed a portion of DAS's equity ownership for $158,771, resulting in a gain of $132,520, which was recorded under gain on disposal of investments accounted for using equity method. The Group's equity ownership in DAS decreased from 37.94% to 22.86%. The Group continues to account for its investment by using equity method.

(iv) Collateral

The Group's investments accounted for using equity method were not pledged as collateral as of December 31, 2017 and 2016.

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(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2017 and 2016 were as follows:

		Land	Buildings and construction	Machinery and equipment	Other facilities	Prepayment for purchase of equipment	Total
Cost or deemed cost:							
Balance on January 1, 2017	$	24,272	232,085	2,136,177	858,806	46,359	3,297,699
Additions		-	-	85,590	43,947	189,571	319,108
Disposal		-	-	(108,324)	(87,228)	-	(195,552)
Reclassification		-	-	127,947	27,574	(155,521)	-
Transfer from inventory		-	-	3,958	6,727	-	10,685
Transfer to expense		-	-	-	(793)	(10,543)	(11,336)
Effect of movements in exchange rates		338	5,035	26,392	5,181	1,261	38,207
Balance on December 31, 2017	**$**	**24,610**	**237,120**	**2,271,740**	**854,214**	**71,127**	**3,458,811**
Balance on January 1, 2016	$	24,530	245,327	1,929,675	859,515	50,388	3,109,435
Additions		-	-	166,847	25,136	203,821	395,804
Disposal		-	-	(38,636)	(10,465)	-	(49,101)
Reclassification		-	-	158,203	27,922	(186,125)	-
Transfer from inventory		-	-	11,993	1,103	-	13,096
Transfer to expense		-	-	-	-	(16,941)	(16,941)
Effect of movements in exchange rates		(258)	(13,242)	(91,905)	(44,405)	(4,784)	(154,594)
Balance on December 31, 2016	**$**	**24,272**	**232,085**	**2,136,177**	**858,806**	**46,359**	**3,297,699**
Depreciation and impairments loss:							
Balance on January 1, 2017	$	-	47,887	1,163,825	586,307	-	1,798,019
Depreciation for the year		-	7,657	190,127	64,397	-	262,181
Disposal		-	-	(101,916)	(87,072)	-	(188,988)
Reclassification		-	-	663	471	-	1,134
Effect of movements in exchange rates		-	1,305	13,936	34	-	15,275
Balance on December 31, 2017	**$**	**-**	**56,849**	**1,266,635**	**564,137**	**-**	**1,887,621**
Balance on January 1, 2016	$	-	42,453	1,074,676	566,828	-	1,683,957
Depreciation for the year		-	8,311	184,337	60,716	-	253,364
Disposal		-	-	(34,508)	(9,821)	-	(44,329)
Effect of movements in exchange rates		-	(2,877)	(60,680)	(31,416)	-	(94,973)
Balance on December 31, 2016	**$**	**-**	**47,887**	**1,163,825**	**586,307**	**-**	**1,798,019**
Carrying amounts:							
Balance on December 31, 2017	**$**	**24,610**	**180,271**	**1,005,105**	**290,077**	**71,127**	**1,571,190**
Balance on December 31, 2016	**$**	**24,272**	**184,198**	**972,352**	**272,499**	**46,359**	**1,499,680**
Balance on January 1, 2016	**$**	**24,530**	**202,874**	**854,999**	**292,687**	**50,388**	**1,425,478**

As of December 31, 2017 and 2016, the property, plant and equipment of the Group had not been pledged as collateral.

(Continued)

(h) Other current assets and other non-current assets

The following are other current assets and other non-current assets of the Group:

		December 31, 2017	December 31, 2016
Tax refundable and offset against business tax payable	$	59,082	47,217
Long-term prepayments for rents		41,674	41,214
Prepayment for purchases		34,617	23,201
Refundable deposits		29,047	25,424
Others		64,965	74,523
	$	**229,385**	**211,579**

The Group signed an agreement with an estate company in Malaysia to acquire the right to the use land for a factory and office from 2003 to 2096.

(i) Short-term borrowings

		December 31, 2017	December 31, 2016
Unsecured bank loans	$	494,440	587,000
Secured bank loans		100,000	-
	$	**594,440**	**587,000**
Range of interest rates		**0.95%**	**1.05%~1.08%**

Please refer to note 6(r) for the interest rate risk, and the liquidity risk of the financial assets and liabilities of the Group. For the collateral for short-term borrowings, please refer to note 8.

(j) Long-term borrowings

The details were as follows:

	December 31, 2017				
	Currency	**Interest rate**	**Maturity year**		**Amount**
Bank loans	NTD	1.97%	2027	$	150,254
Less: current portion					(15,025)
Total				**$**	**135,229**

	December 31, 2016				
	Currency	**Interest rate**	**Maturity year**		**Amount**
Bank loans	NTD	1.97%	2023	$	178,976
Less: current portion					(30,284)
Total				**$**	**148,692**

(k) Operating lease

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2017	December 31, 2016
Less than one year	$ 55,004	65,926
Between two and five years	85,259	34,410
Over six years	20,300	30,450
	$ **160,563**	**130,786**

(i) The Group leased office space, warehouses, and equipment under operating leases with lease terms of 1 to 20 years and had an option to renew the leases. During the years 2017 and 2016, an amount of $66,002 and $70,025, respectively, was recognized as an expense in profit or loss in respect of operating leases. There was no contingent rent recognized as an expense.

(ii) The Group does not participate in the residual value of the land and buildings.

(l) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value of the plan assets of the Company were as follows:

	December 31, 2017	December 31, 2016
Present value of defined benefit obligations	$ 52,780	51,956
Fair value of plan assets	(52,662)	(50,487)
Net defined benefit liabilities	$ **118**	**1,469**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $52,662 as of December 31, 2017. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in the present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations of the Group were as follows:

	2017	2016
Defined benefit obligation at January 1	$ 51,956	71,465
Current service costs and interest	1,140	1,763
Re-measurement loss (gain):		
- Return on plan assets excluding interst income	(1,632)	(9,717)
- Actuarial loss (gain) arising from		
-demographic assumptions	219	712
-financial assumptions	1,097	3,558
Past service cost and actuarial gains and losses	-	17,011
Benefit paid	-	(32,836)
Defined benefit obligation at December 31	**$ 52,780**	**51,956**

3) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2017	2016
Fair value of plan assets at January 1	$ 50,487	64,010
Interest income	707	1,127
Re-measurement loss (gain)		
- Return on plan assets excluding interst income	(177)	(708)
Contribution paid by employer	1,645	1,884
Benefits paid	-	(15,826)
Fair value of plan assets at December 31	**$ 52,662**	**50,487**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2017	2016
Current service cost	$ 426	524
Net interest of net liabilities for defined benefit obligations	7	113
Past service cost and curtailment or settlement gains	-	17,011
	$ 433	**17,648**

(Continued)

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		2017	2016
Operating cost	$	146	13,196
Selling expenses		23	2,797
Administrative expenses		207	1,655
Research and development expenses		57	-
	$	**433**	**17,648**

5) Re-measurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's re-measurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2017 and 2016, was as follows:

		2017	2016
Accumulated amount at January 1	$	(3,808)	(8,548)
Recognized during the period		138	4,740
Accumulated amount at December 31	$	**(3,670)**	**(3,808)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2017	2016
Discount rate	1.250 %	1.375 %
Future salary increase rate	1.625 %	1.625 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $1,639.

The weighted-average lifetime of the defined benefits plans is 11 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined oblignations	
Actuarial assumptions	**Increase of 0.5%**	**Decrease of 0.5%**
2017.12.31		
Discount rate 1.250%	(2,168)	2,310
Future salary increase rate 1.625%	2,225	(2,109)
2016.12.31		
Discount rate 1.375%	(2,332)	2,497
Future salary increase rate 1.625%	2,411	(2,274)

(Continued)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2017 and 2016.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group recognized pension costs under the defined contribution method amounting to $48,073 and $41,878 for the years ended December 31, 2017 and 2016, respectively.

(m) Income taxes

(i) The components of income tax in the years 2017 and 2016 were as follows:

		2017	2016
Current tax	$	37,842	74,392
Deferred tax		(80,002)	57,532
Income tax expense (benefit)	**$**	**(42,160)**	**131,924**

(ii) The amount of income tax recognized in other comprehensive income for 2017 and 2016 was as follows:

		2017	2016
Foreign currency translation differences for foreign operations	**$**	**6,551**	**(37,334)**

(iii) Reconciliation of income tax and profit before tax for 2017 and 2016 was as follows:

		2017	2016
Profit (loss) excluding income tax	$	(298)	364,146
Income tax using the Company's domestic tax rate		(8,093)	122,598
Effect of tax rates in foreign jurisdiction		(3,799)	31,040
Tax-exempt income		(27,196)	(6,275)
Investment deduction		(16,009)	(12,317)
Change in unrecognized deferred tax assets and others		12,937	(3,122)
	$	**(42,160)**	**131,924**

(Continued)

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

There is no unrecognized deferred tax liabilities.

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2017	December 31, 2016
The carry forward of unused tax losses	$ 27,760	55,050
Tax effect of deductible temporary differences	47,880	47,880
	$ 75,640	**102,930**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2017, the carry forward of unused tax losses of the Group, amounted to $27,760 based on their respective effective tax rates, the maximum deductible tax amount was $138,800.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2017 and 2016 were as follows:

	Investment income recognized under the equity method	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2017	$ 446,152	48,688	494,840
Recognized in profit or loss	1,478	(37,793)	(36,315)
Foreign currency translation adjustment	-	524	524
Balance on December 31, 2017	**$ 447,630**	**11,419**	**459,049**
Balance on January 1, 2016	$ 400,679	41,376	442,055
Recognized in profit or loss	45,473	10,247	55,720
Foreign currency translation adjustment	-	(2,935)	(2,935)
Balance on December 31, 2016	**$ 446,152**	**48,688**	**494,840**

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	Additional loss on inventory valuation	Unused tax losses carry forwards	Exchange differences on translation of foreign financial statements	Others	Total
Deferred tax assets:					
Balance on January 1, 2017	$ (2,842)	-	(122,354)	(16,168)	(141,364)
Recognized in profit or loss	(710)	(32,068)	-	(10,909)	(43,687)
Recognized in other comprehensive income	-	-	6,551	-	6,551
Exchange rate translation differences	-	(200)	-	(2,870)	(3,070)
Balance on December 31, 2017	**$ (3,552)**	**(32,268)**	**(115,803)**	**(29,947)**	**(181,570)**
Balance on January 1, 2016	(2,122)	-	(85,020)	(18,829)	(105,971)
Recognized in profit or loss	(720)	-	-	2,532	1,812
Recognized in other comprehensive income	-	-	(37,334)	-	(37,334)
Exchange rate translation differences	-	-	-	129	129
Balance on December 31, 2016	**$ (2,842)**	**-**	**(122,354)**	**(16,168)**	**(141,364)**

(v) Examination and approval

The Company's and Green Far's tax returns for the years through 2014 and 2015, respectively, were examined and approved by the Taipei National Tax Administration.

(vi) Information related to the ICA is summarized as follows:

	December 31, 2017	December 31, 2016
Unappropriated earnings of 1998 and after	**(Note)**	**$ 440,230**
Balance of imputation credit account	**(Note)**	**$ 39,512**

	2017(Estimated)	2016(Actual)
Creditable ratio for earnings distribution to ROC residents	**(Note)**	**9.15 %**

The above stated information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance of the ROC on October 17, 2013.

Note: According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system.

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(n) Capital and other equity

As of December 31, 2017 and 2016, the authorized common stock was $4,000,000 (including employee stock options for 750 million shares). The total common stock outstanding in 2017 and 2016 all amounted to $1,393,616 and $1,742,020, respectively. The par value of the Company's common stock is $10 (NT dollars) per share.

In order to adjust the capital structure and increase the return on equity of the Company, a resolution was approved during the shareholders' meeting on June 16, 2017 for a 20% capital reduction totaling $348,404, with the approval of the Financial Supervisory Commission of Republic of China on August 2, 2017, and with the record date set on August 14, 2017. All related statutory procedures had been completed on August 31, 2017.

(i) Capital surplus

The balances of capital surplus as of December 31, 2017 and 2016, were as follows:

		December 31, 2017	December 31, 2016
Additional paid-in capital	$	1,402,216	1,443,485
Treasury share transactions		80,675	80,675
Gain on disposal of assets		7	7
Change of equity of associates accounted for using equity method		265,333	265,333
	$	**1,748,231**	**1,789,500**

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

Based on resolutions approved by the stockholders during their annual stockholders' meetings on June 16, 2017, cash dividends of $41,269 ($0.24 per share), was distributed out of capital surplus. Relevant information is available on the Market Observation Post System website.

(ii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

According to the ROC Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (and is not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2017 and 2016, the amount of reversal of special reserve are $643,158 and $445,538, respectively.

3) Earnings distribution

Earnings distribution for 2016 and 2015 was decided via the general meeting of the stockholders' held on June 16, 2017, and June 7, 2016, respectively. The relevant dividend distributions to shareholders were as follows:

	2016		2015	
	Amount per share (NT dollars)	**Total Amount**	**Amount per share (NT dollars)**	**Total Amount**
Dividend distributed to ordinary shareholders:				
Cash	$ **1.26**	**216,662**	**3.8**	**661,968**

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(iii) Treasury shares

In 2017, the Company repurchased 2,248 thousand treasury shares amounting to $81,296 in order to protect the Company's integrity and shareholders' equity in accordance with the requirements under section 28(2) of the Securities and Exchange Act. In addition, an amount of $4,496 was reduced due to the capital reduction in 2017. As of 31 December 2017, a total of 1,798 thousand shares were not yet cancelled.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(o) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at 31 December , 2017 and 2016, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	2017	2016
Profit attributable to ordinary shareholders of the Company	$ 54,449	213,883
Weighted-average number of ordinary shares at December 31	159,059	174,202

(ii) Diluted earnings per share

The calculation of diluted earnings per share at 31 December, 2017 and 2016, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary share, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	2017	2016
Profit attributable to ordinary shareholders of the Company (basic=diluted)	$ 54,449	213,883

2) Weighted-average number of ordinary shares (diluted)

	2017	2016
Weighted-average number of ordinary shares (basic) (in thousands shares)	159,059	174,202
Effect on employee remuneration (in thousands shares)	208	780
Weighted-average number of ordinary shares (diluted) at December 31 (in thousands shares)	**159,267**	**174,982**

(p) Revenue

The revenue for the years ended December 31, 2017 and 2016, were as follows:

	2017	2016
Sales of goods	$ 7,462,405	8,206,968
Sales of molds	196,034	149,870
Others	6,112	8,575
	$ 7,664,551	**8,365,413**

(q) Non-operating income and expenses

(i) Other income

The other income for the years ended December 31, 2017 and 2016, were as follows:

	2017	2016
Interest income	$ 6,020	5,736
Others	59,333	55,305
	$ 65,353	**61,041**

(ii) Other gains and losses

The other gains and losses for the years ended December 31, 2017 and 2016, were as follows:

	2017	2016
Foreign currency exchange gains (losses), net	$ (123,966)	79,313
Impairment loss on investment accounting for using equity method	-	(50,898)
Impairment loss on financial assets	-	(28,959)
Gain on financial assets measured at fair value through profit or loss	2,288	4,419
Gain on disposal of investments accounted for using equity method	132,520	3,413
Others	(6,675)	(2,349)
	$ 4,167	**4,939**

(Continued)

(r) Financial instruments

(i) Credit risk

1) Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group's accounts receivable and investments.

a) Accounts receivable and others receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. These limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

b) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

2) Other information about credit risk was as follows:

a) Exposure to credit risk

As of December 31, 2017 and 2016, the carrying amount of financial assets, which represents the maximum amount exposed to credit risk, was \$3,150,095 and \$4,324,175, respectively.

b) The Group's credit risk is mainly affected by the credit characteristics of each creditor. This is also an impact on credit risk from the business of the customer. As of December 31, 2017 and 2016, 79% and 82%, respectively, of the ending balance of accounts receivable arose from sales to individual customers constituting the top three customers for the years ended December 31, 2017 and 2016.

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(ii) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

1) Based on the date on which the Group may be required to make an early repayment and on the preparation of the financial liabilities' undiscounted cash flows, including interest, but does not include the effect of any netting agreement.

2) Other non-derivative financial liabilities' maturity analysis prepared in accordance with the agreed repayment date.

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1 ~ 2 years	2 ~5 years	Over 5 years
December 31, 2017						
Non-derivative financial liabilities:						
Short-term and long-term borrowings	$ 744,694	760,514	613,186	17,554	50,885	78,889
Accounts payable	1,074,198	1,074,198	1,074,198	-	-	-
Accounts payable–related parties	214,714	214,714	214,714	-	-	-
Other financial liabilities	226,492	226,492	226,492	-	-	-
	$ 2,260,098	**2,275,918**	**2,128,590**	**17,554**	**50,885**	**78,889**
December 31, 2016						
Non-derivative financial liabilities:						
Short-term and long-term borrowings	$ 765,976	782,771	626,779	32,932	95,218	27,842
Accounts payable	1,327,872	1,327,872	1,327,872	-	-	-
Accounts payable–related parties	207,099	207,099	207,099	-	-	-
Other financial liabilities	178,591	178,591	178,591	-	-	-
	$ 2,479,538	**2,496,333**	**2,340,341**	**32,932**	**95,218**	**27,842**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2017			December 31, 2016		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 83,367	29.76	2,481,000	112,793	32.25	3,637,571
SGD	6,165	22.26	137,238	7,458	22.29	166,236
CHF	484	30.455	14,741	519	31.525	16,350
Non-monetary items						
USD	3,900	29.76	Note	-	-	-
Financial liabilities						
Monetary items						
USD	35,335	29.76	1,051,565	41,916	32.25	1,351,790
SGD	971	22.26	21,613	683	22.29	15,229

Note: The fair value of forward exchange contracts was measured at December 31, 2017. For related information, please refer to note 6(2).

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, and accounts payable that are denominated in foreign currency. A weakening (strengthening) of 1% of the TWD against the foreign currency as of December 31, 2017 and 2016, would have increased or decreased the net profit before tax by $15,598 and $24,531, respectfively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. In 2017 and 2016, the foreign exchange gain (losses), including both realized and unrealized, amounted to $(123,966) and $79,313, respectively.

2) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2017	**December 31, 2016**
Fixed-rate instruments:			
Financial assets	$	70,603	239,343
Financial liabilities		(487,000)	(200,000)
	$	**(416,397)**	**39,343**
Variable-rate instruments:			
Financial assets	$	1,532,348	2,347,069
Financial liabilities		(257,694)	(565,976)
	$	**1,274,654**	**1,781,093**

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by $3,187 and $4,453 for the years ended December 31, 2017 and 2016, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings at variable interest rates.

The Group's financial liabilities at fixed interest rates are measured using the amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

(iv) Fair value of financial instruments

1) The carrying amount and fair value

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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	December 31, 2017				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 2,310	-	2,310	-	2,310
Loans and receivables					
Cash and cash equivalents	$ 1,848,974				
Accounts receivable, net	1,229,111				
Accounts receivable－related parties, net	4,493				
Other receivables	67,517				
	$ 3,150,095				
Financial liabilities carried at amortized cost					
Borrowings	$ 744,694				
Accounts payable	1,074,198				
Accounts payable-related parties	214,714				
Other financial liabilities	378,481				
	$ 2,412,087				

	December 31, 2016				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	$ 2,584,010				
Accounts receivable, net	1,589,189				
Accounts receivable－related parties, net	25,872				
Other receivables	125,104				
	$ 4,324,175				
Financial liabilities carried at amortized cost					
Borrowings	$ 765,976				
Accounts payable	1,327,872				
Accounts payable－related parties	207,099				
Other financial liabilities	336,552				
	$ 2,637,499				

2) Valuation techniques for financial instruments not measured at fair value

The Group measures the financial instruments not measured at fair value through the following methods and assumptions:

Fair value measurement for financial liabilities measured at amortized cost is based on the latest quoted price and agreed-upon price if these prices are available in an active market. When market value is unavailable, the fair value of financial liabilities is evaluated based on the discounted cash flow of the financial liabilities.

(Continued)

3) Valuation techniques for financial instruments that are measured at fair value

Forward exchange contracts are usually measured at current forward rate.

There was no transfer between the different levels of the fair value hierarchy for the years ended December 31, 2017 and 2016.

(s) Remuneration to employees and directors

In accordance with the articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and not exceed 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2017 and 2016, the Company estimated its employee remuneration amounting to $2,952 and $16,388, and directors' and supervisors' remuneration amounting to $738 and $4,097, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2017 and 2016. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2017 and 2016.

(t) Financial risk management

(i) Structure of risk management

The Group's finance department provides business services for all internal departments. It sets the objectives, policies and processes for managing risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The board of directors regulates the use of derivative and non-derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, and credit risk; the use of derivative and non-derivative financial instruments; and investment of excess liquidity. The internal auditors of the Group continuously review of the amount of risk exposure in accordance with the Group's risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. The finance department reports to the board of directors periodically.

(ii) Briefings

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note presents information on exposure to each of the above risks and on the objectives, policies, and processes as for measuring and managing risk. For detailed information, please refer to 6(r).

(u) Capital management

The Group manages capital to safeguard the capacity to continue to operate. The management uses the asset-liability ratio to manage capital. This ratio is debt divided by assets. Debt is derived from the total liabilities. As of December 31, 2017 and 2016, the Group's asset-liability ratios were 42% and 40%, respectively.

As of December 31, 2017 and 2016, there were no changes in the Group's approach to capital management.

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group and its subsidiaries.

(b) Name of related parties and relationships

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related parties	Relationship with the Group
Min Aik Precision Industrial Co., Ltd (MAP)	An associate
MAP Plastics Ptd Ltd. (MAPP)	An associate
Amould Plastic Technologies (Suzhou) Co., Ltd (AMO)	An associate
Chen-Source Inc. (Chen-Source)	Legal director of the Company
Ablytek Co., Ltd (Ablytek)	An associate
Das Technology Co., Ltd (Das)	An associate
MAP Technology Holding Ptd Ltd. (MAP Tech.)	An associate
Advanced Meter Inc.	An affiliate
Key management personnel	Key management personnel of the Group

(c) Transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties and the resulting accounts receivable were as follows:

	Sales		Accounts receivable – related party	
	2017	**2016**	**December 31, 2017**	**December 31, 2016**
Associates	$ 25,382	29,424	4,314	18,773
Other related parties	5,326	12,674	179	7,099
	$ 30,708	**42,098**	**4,493**	**25,872**

The credit terms were 30 to 120 days for related parties, but may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are about 2 to 3 months after delivery. The sales prices were not significantly different from those for third-party customers.

(ii) Purchases

The amounts of purchases by the Group from related parties were as follows:

	Purchase		Accounts payable – related party	
	2017	**2016**	**December 31, 2017**	**December 31, 2016**
MAP	**$ 642,208**	**561,853**	**214,714**	**206,647**

The credit terms were 90 to 120 days for related parties, but they may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are L/C, T/T, or 60~120 days after goods are received. The purchase price is negotiated by the parties.

(iii) Service revenue

1) Inspection revenue

	Amounts		Other accounts receivable – related party	
	2017	**2016**	**December 31, 2017**	**December 31, 2016**
Associates	**$ 4,380**	**912**	**2,149**	**1,173**

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2) Management service revenue

	Amounts		Accounts receivable – related party	
	2017	2016	December 31, 2017	December 31, 2016
Associates	$ 3,102	2,502	976	-

Management service revenue reduces related expense was recognized as operating revenue or other income.

(iv) Property transactions

The purchases of property, plant and equipment from related parties were as follows:

	Amounts		Other accounts payable – related parties	
	2017	2016	December 31, 2017	December 31, 2016
Purchase price	$ 604	-	-	-

(v) Other transactions

The associated company provided repair service to the Group amounting to $0 and $452 in 2017 and 2016, which was recognized as other expenses. As of December 31, 2017 and 2016, the amount of $0 and $452 were still unpaid, therefore, they were recognized as accounts payable to related parties.

(vi) Loans to related parties

In 2017 and 2016, the loans to associate amounted to $40,000 and $50,000. As of December 31, 2017 and 2016, the loans to associate amounted to $0 and $40,000, which was recognized as other receivables.

(d) Key management personnel compensation

	2017	2016
Short-term employee benefits	$ 34,777	46,520
Post-employment benefits	5,053	459
	$ 39,830	46,979

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2017	December 31, 2016
Time deposit (classified under other receivable)	Bank loans and guarantee for credit line	$ 44,294	51,364

(Continued)

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(9) Significant commitments and contingencies:

(a) Unrecognized commitments of the Group were as follows:

	December 31, 2017	December 31, 2016
Acquisition of property, plant and equipment	$ 90,900	68,372

(b) Guarantee notes issued as collateral for applying for a credit line were as follows:

	December 31, 2017	December 31, 2016
Guarantee notes issued	$ 1,854,960	1,937,250
Endorsement guarantee	$ 822,574	661,521

(c) The Group entered into operating lease agreements. Please refer to note 6(k).

(d) Green Far entered into an electricity sales agreement with Taiwan Power Company. The initial term of the sales agreement shall commence on the agreed date and extend for a period of twenty years.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing fiscal year 2018. This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, it will increase the Group's current tax charge accordingly in the future. On the other hand, if the new tax rate is applied in calculating the taxable temporary differences and tax losses recognized on December 31, 2017, the deferred tax assets and deferred tax liabilities would increase by $32,041 and $81,009, respectively.

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2017 Cost of sales	2017 Operating expenses	2017 Total	2016 Cost of sales	2016 Operating expenses	2016 Total
Employee benefits						
Salary	768,103	246,590	1,014,693	719,672	280,338	1,000,010
Labor and health insurance	19,462	15,417	34,879	18,974	16,870	35,844
Pension	30,295	18,211	48,506	38,630	20,896	59,526
Others	59,812	14,689	74,501	53,614	18,571	72,185
Depreciation	230,872	31,309	262,181	222,761	30,603	253,364
Amortization	9,108	4,478	13,586	8,554	9,058	17,612

(Continued)

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balanceof financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
0	The Company	Ablytek	Other notes receivable due from related parties	Yes	40,000	-	-	3%	Short-term financing	-	Operating capital	-	Note 4	Note 4	794,170	1,588,340
1	MUS	MUM	Other receivables from related parties	Yes	29,760	29,760	29,760	1%	〃	-	〃	-	-	-	794,170	1,588,340

Note 1: The highest amounts were approved by the board of directors.

Note 2: The short term financing available for purposes shall not exceed 20% of the lending company's net worth in the latest financial statements.

Note 3: The total amount available for lending purposes shall not exceed 40% of the lending company's net worth in the latest financial statements.

Note 4: Ablytek issued cheques and pledged its solar panels as collaterals.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and/ endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Synergy	Subsidiary of the Company	Note 1	238,080	238,080	-	-	6.00 %	7,941,702	Y	N	N
〃	〃	MUM	Subsidiary of MUS	397,085	323,200	323,200	7,440	-	8.14 %	〃	Y	N	N
〃	〃	Green Far	Subsidiary of the Company	Note 1	433,294	253,294	150,254	-	6.38 %	〃	Y	N	N

Note 1: Except for the Company's subsidiaries, in which the Company directly or indirectly holds 100% of their shares, the guarantee amounts given to them shall not exceed 10% of the Company's net worth in the latest financial statements.

Note 2: The highest balance for guarantees can not exceed the Compnay's net worth in the latest financial statement.

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(iii) Securities held as of December 31, 2017 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balanceN Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Highest Percentage of ownership (%)	Note
The Company	Archers Inc.	NO	Financial assets measured at cost	4,500	-	13.89 %	Not applicable for listed company	13.89 %	
〃	LBO	〃	〃	165	-	0.72 %	〃	4.34 %	
〃	HDDisk	〃	〃	833	-	12.50 %	〃	12.50 %	
					$ -				

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others Unit price	Payment terms	Notes/Accounts receivable (payable) Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	MAM	The subsidiary held 100 percentage shares by MAS	Purchase	2,692,776	56 %	Note 1	-	The general credit terms are about 2 to 4 months	(1,084,697)	(59)%	Note 3
The Company	MATC	The subsidiary held 80 percentage shares by Synergy	〃	687,721	14 %	〃	-	〃	(189,645)	(10)%	〃
The Company	MAY	The subsidiary held 100 percentage shares by Synergy	〃	640,420	13 %	〃	-	〃	(242,669)	(13)%	〃
The Company	MAP	The Company held 35.04 percentage shares of the invested company	〃	217,393	5 %	〃	-	〃	(101,909)	(6)%	-
MAM	MUM	The subsidiary held 100 percentage shares by MUS	〃	382,317	8 %	Note 2	-	〃	(24,734)	(3)%	Note 3
MAM	MAP	The Company held 35.04 percentage shares of the invested company	〃	418,855	9 %	〃	-	〃	(112,314)	(15)%	-
MAM	The Company	The subsidiary held 100 percentage shares by MAS	Sale	(2,692,776)	(54) %	Note 1	-	〃	1,084,697	78%	Note 3
MATC	The Company	The subsidiary held 80 percentage shares by Synergy	〃	(687,721)	(86) %	〃	-	〃	189,645	88%	〃

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
MAY	The Company	The subsidiary held 100 percentage shares by Synergy	〃	(640,420)	(89) %	〃	-	〃	242,669	99%	〃
MUM	MAM	The subsidiary held 100 percentage shares by MAS	〃	(382,317)	(97) %	Note 2	-	〃	24,734	90%	〃

Note 1: Payment term given to related parties is 120 days; any further adjustment on the term will have to be agreed by both parties.

Note 2: Payment term given to related parties is INV 60 days; any further adjustment on the term will have to be agreed by both parties.

Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
MAM	The Company	The subsidiary held 100 percentage shares by MAS	1,084,697	2.36	-	-	364,690	-
MATC	The Company	The subsidiary held 80 percentage shares of Synergy	189,645	2.95	-	-	129,505	-
MAY	The Company	The subsidiary held 100 percentage shares of Synergy	242,669	2.39	-	-	92,267	-

Note 1: Until January 30, 2018.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

Disclosure of the amounts exceeding the $10,000.

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	MAM	1	Purchase	2,692,776	Note 3	35.13%
				Account payable	1,084,697	〃	15.03%
				Service revenue	62,237	〃	0.81%
0	〃	MAY	1	Purchase	640,420	〃	8.36%
				Account payable	242,669	〃	3.36%
0	〃	MATC	1	Purchase	687,721	〃	8.97%
				Account payable	189,645	〃	2.63%
1	MAM	MUM	3	Purchase	382,317	Note 4	4.99%
				Account payable	24,734	〃	0.34%
2	MUS	MUM	1	Other receivable	29,760	Loans	0.41%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

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Note 3: The purchase price is decided by the Company. However, the netting off on accounts receivable and accounts payables is agreed upon by both parties. Payment term given to related parties is 120 days; any further adjustment on the term will have to be agreed by both parties.

Note 4: Payment term given to related parties is INV 60 days; any further adjustment on the term will have to be agreed by both parties.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2017 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2017			Highest percentage of owner ship	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2017	December 31, 2016	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	MAS	Singapore	Market development and customer service	353,522	353,522	18,564	100.00 %	2,154,028	100.00 %	17,390	17,390	Note 1
The Company	Synergy	Samoa	Holding company	791,816	1,036,016	24,312	100.00 %	793,441	100.00 %	(3,649)	(3,362)	〃
The Company	MATH	Thailand	Manufacturing and sale of machinery components	460,754	460,754	412	100.00 %	112,237	100.00 %	(56,526)	(51,203)	〃
The Company	MAUS	USA	Manufacturing sale of machinery components and customer service	968	968	30	100.00 %	4,047	100.00 %	(236)	(236)	〃
The Company	Good Master	Caymen	Holding company	239,894	39	7,490	100.00 %	246,947	100.00 %	43,756	52,325	〃
The Company	Green far\	Taiwan	Energy	12,000	2,000	1,200	100.00 %	19,110	100.00 %	5,142	5,142	〃
The Company	MAP Tech.	Singapore	Holding company	260,791	260,791	66,913	46.60 %	21,264	46.60 %	(13,353)	(6,222)	-
The Company	MAP	Taiwan	Manufacturing	487,115	487,115	26,983	35.04 %	662,693	35.04 %	16,514	8,163	-
The Company	Ablytek	Taiwan	Manufacturing and sales solar mold	209,885	209,885	16,229	27.05 %	54,853	27.05 %	(29,991)	(8,113)	-
The Company	DAS	Taiwan	Setup of computer equipment and service of software	89,387	134,869	6,100	22.86 %	52,312	37.94 %	97,199	20,619	-
MAS	MAM	Malaysia	Manufacturing and sale of machinery components	333,937	333,937	60,000	100.00 %	2,137,830	100.00 %	17,317	17,317	Note 1
Synergy	MATC	Malaysia	Manufacturing and sale of machinery components	406,648	406,648	42,107	80.00 %	469,198	80.00 %	(53,701)	(42,961)	〃
MATH	MUS	Singapore	Holding company	-	363,530	-	- %	-	69.41 %	-	-	〃
Good Master	MUS	Singapore	Holding company	239,201	-	11,800	69.41 %	240,090	69.41 %	(6,135)	(4,258)	〃
MUS	MUM	Malaysia	Manufacturing and sale of machinery components	347,134	347,134	35,996	100.00 %	310,298	100.00 %	(7,699)	(7,699)	〃

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

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(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2017	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Carrying amount	Highest Percentage of ownership	Accumu-lated remittance of earnings in current period
					Outflow	Inflow							
MAY	Manufacturing sale of machinery components and customer service	400,857	Remittance from third-region company Synergy to invest in Mainland China	629,368	-	244,200	385,168	37,446	100.00%	37,446	342,220	100%	-

Note 1: The investment income (loss) were based on financial statements audited by the auditor of the Company.

Note 2: Transactions within the Group were elminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
385,340	491,734	2,382,511

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(14) Segment information:

(a) General information

The Group identifies its operating segments based on the decision of the chief operating decision maker (CODM). The Group’s operating segments are EMS (Electronics Manufacturing Service), Automatic Equipment Service, and Commerce Service. Except for EMS, the operating segments did not meet the quantitative threshold for individually reportable segments nor are they aggregated with other operating segments.

EMS’s main operating activities are designing and manufacturing consumer electronics end products. Those of Automatic Equipment Service are designing and manufacturing automatic machinery for industrial use. The main operating activity of Commerce Service is trading business. Since the strategy of each segment is different, it is necessary to separate them for management.

(b) Reportable segments and operating segment information

The Consolidated Company assessed performance of the segments based on the segments’ profit, and the accounting policy of the segments is the same as that described in the summary of significant accounting policies.

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The Group's segment financial information was as follows:

	For the years ended December 31, 2017			
	EMS	**Others**	**Adjustments and eliminations**	**Total**
External revenue	$ 7,395,340	269,211	-	7,664,551
Intra-group revenue	-	-	-	-
Total segment revenue	**$ 7,395,340**	**269,211**	**-**	**7,664,551**
Segment profit (loss)	**$ (64,855)**	**(10,302)**	**-**	**(75,157)**
Segment total assets				**$ 7,219,069**

	For the years ended December 31, 2016			
	EMS	**Others**	**Adjustments and eliminations**	**Total**
External revenue	$ 8,126,601	238,812	-	8,365,413
Intra-group revenue	-	-	-	-
Total segment revenue	**$ 8,126,601**	**238,812**	**-**	**8,365,413**
Segment profit	**$ 269,275**	**28,798**	**-**	**298,073**
Segment total assets				**$ 8,082,960**

(c) Product and service information

The Group's product revenues from exterior clients were as follows:

Product	**2017**	**2016**
APFA	$ 3,234,654	4,182,403
VCM	1,619,187	1,628,428
COVER	838,008	707,888
EHD	691,939	497,668
CSA/RAMP	243,960	413,309
HDD	248,559	251,015
Others	788,244	684,702
	$ 7,664,551	**8,365,413**

(d) Geographic information

The Group' s non-current assets are located in Asia, and its revenue from external clients by geographical location was as follows:

Geographic area	**2017**	**2016**
Asia	$ 6,799,292	7,725,155
America	759,788	543,744
Europe	105,471	96,514
	$ 7,664,551	**8,365,413**

(e) Major customers

Sales to individual clients constituting over 10% of total revenue in 2017 and 2016 are summarized as follows:

	2017		**2016**	
	Revenue	**Percentage of net sales**	**Revenue**	**Percentage of net sales**
Western Digital (Thailand) Company	$ 3,497,504	46	3,969,642	47
Western Digital (M) Sdn. Bhd.	2,284,714	30	2,964,067	35
	$ 5,782,218	**76**	**6,933,709**	**82**